

Puget Sound Sustainable Development Center

BUSINESS PLAN

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The Sustainable Development Center Steering Committee



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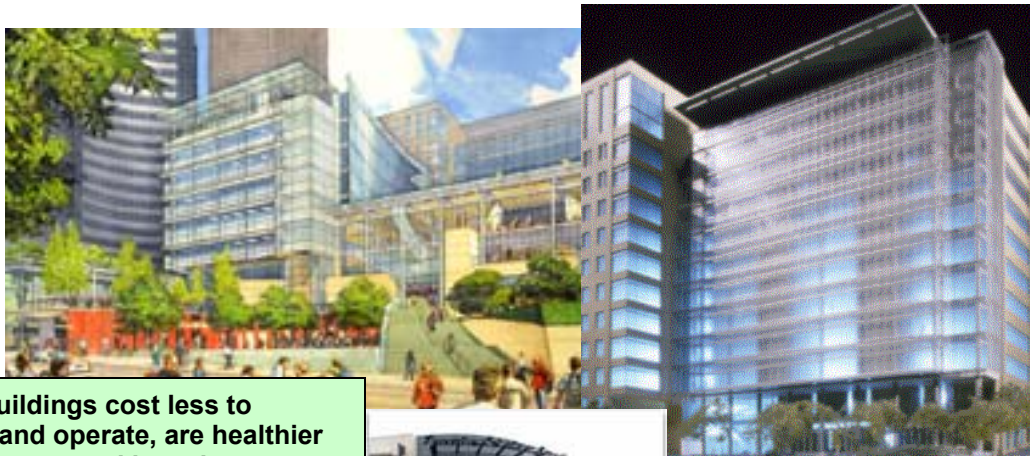
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Puget Sound Sustainable Development Center Business Plan



"Green buildings cost less to maintain and operate, are healthier for employees, and have less impact on our natural resources. As a result everyone in our region benefits."

- Executive Ron Sims, King County



"In Seattle we are building green and saving green. The aggressive environmental approaches to construction found in LEED and the green building movement allow us to build our public buildings with our conscience and within our budget. I'm convinced our children will approve of our current efforts - and then find even better solutions."

- Mayor Greg Nickels, City of Seattle



INTRODUCTION

It is with both enthusiasm and pride that we offer this business plan to the people of Seattle and the larger Puget Sound community. Many hands and minds have worked with dedication and diligence to bring us to this point.

We, as a regional community, are at a unique moment in time. There is now a congruence of interest, awareness and opportunities in sustainable development born from the power, beauty, and well being of our singular landscape. Both public and private developers are awakening to the wisdom of long-term investments in better quality, more durable, and more efficient buildings and infrastructure. This movement brings with it substantive economic opportunities as well as exciting possibilities for rebuilding neighborhoods and communities in need.

We believe that high performance buildings and developments, that are connected to and respectful of our setting, reflect our values as a community, attract employers, and cultivate the kinds of businesses and citizens that we want in our region. Buildings that minimize their negative environmental impact and maximize a healthful interior environment increase productivity and decrease absenteeism. Streets and neighborhoods that foster living landscapes and shade simultaneously reduce infrastructure costs and enhance the livability of our already wonderful city and region.

The proposed center is both a tool and a resource that is necessary for this transition to the future we want. It will coalesce many disparate efforts of sustainable building into a single accessible locus by fostering collaboration between all the various players in the development process, from owners to designers to constructors to operators. You can see from our surveys that such a center is in demand. Speaking from the perspective of the architectural community, I know that it will be used extensively as an ongoing resource for both information and strategies.

With this business plan, we want to welcome you into our process as a Steering Committee. Our next steps are to find a home for the center, strengthen our partnerships, and launch our fundraising campaign. We heartily invite you to join us in every way that you can to make the Puget Sound Sustainable Development Center a reality.

Enthusiastically,

Paul Olson
Co-Chair, AIA Seattle Committee on the Environment
Co-Founder, Puget Sound Sustainable Development Center Steering Committee

**GOVERNOR'S SUSTAINABLE WASHINGTON ADVISORY PANEL -
*A New Path Forward: Action Plan for a Sustainable Washington***

"By 2030, Washington will embrace a new path forward in which our communities and the economy are steadily thriving and nature is no longer in peril. Our actions will ensure that following generations can flourish and bequeath to their children a place where they too can experience a rich and fulfilling life."



Executive Summary

The real estate development community is a highly fragmented and competitive business environment that tends to discourage risk-taking and creativity – particularly in the adoption of environmentally sustainable practices. The Puget Sound Sustainable Development Center (the Center) will help lower these barriers to adoption of sustainable building technologies. The mission of the Center will be to “promote sustainable practices in the built environment through education and demonstration of economic, social, and environmental solutions.” To accomplish this mission, the Center will provide services to practitioners in the built environment, including architects, engineers, and other design professionals; contractors; lenders and appraisers; public agencies; owners, developers and facility managers; consultants; and others.

For the last two years, a Steering Committee comprised of participants from the City of Seattle, King County, the University of Washington, Vulcan Inc., the Urban Environmental Institute, the American Institute of Architects, the

The mission of the Center will be to “promote sustainable practices in the built environment through education and demonstration of economic, social, and environmental solutions.”

Northwest Energy Efficiency Alliance, Turner Construction, RAFN Company, and the Lighting Design Lab have been working towards the successful launch of the Center. In November 2003, Catapult Community Developers was hired as a consultant to develop a business plan that builds on the work accomplished to date and to position the Steering Committee to move forward with momentum. The process was divided into two primary phases; 1) market analysis; and 2) feasibility analysis and business case development. The scope of the business planning process consisted of the following:

- o Evaluate the market for goods and services that the Center can offer
- o Identify potential partnerships for the Center
- o Identify appropriate locations for the Center
- o Develop business cases to describe how the Center could operate
- o Evaluate options for operational structures for the Center
- o Develop a timeline for moving forward with the development of the Center

Market Analysis

The market analysis was intended to identify and evaluate: 1) similar centers nationally, and existing service providers locally, to determine if the Center’s mission was already served by an existing entity; 2) demand among potential users and partners of the Center.

Puget Sound Sustainable Development Center **Business Plan**

To evaluate demand among potential users and partners, the consultant reviewed existing materials; conducted Internet, print-based, and telephone research; and conducted two focus groups (one for users, the other for partners). From these efforts it was determined that the potential services for the Center are very much in demand, and that the Center could fill a large need for practitioners in the built environment.

With the existing research and newly gathered market data, the following building blocks were developed to define the feasible scope of services for the Center to offer:

- o An **Information Center**, with displays, product examples, tools, and research assistance
- o **Technical Assistance** that would include design guidance, code advice, integrated design information, and cost/benefit analyses
- o **Education & Workshops** on a variety of topics related to sustainability
- o A membership-based **Industry Network**, building a strong sense of community around sustainable practices in the built environment
- o **Tenant Space** for mission-related organizations and public agencies
- o A **Community Center**, for community outreach initiatives and rentals
- o A **Research Network**, to address new technologies, inconsistencies and gaps

Further research was conducted on ideal sites for the Center, and the viable options reduced to two, based on the following criteria: transportation availability, urban character, proximity to users and examples of buildings developed with sustainable practices, and access to large event venues for networking events or conferences. The two most viable neighborhoods for the Center were identified as South Lake Union and Pioneer Square.

Business Case Development

The consultant used the market study information to identify how the demand of potential users and partners aligned with the mission of the Center and what business cases could feasibly satisfy that demand. The business cases include factors such as: the size of the facility, number of staff, possible partnership arrangements, services offered, and possible revenues. Three business cases were developed that reflect the various stages of maturity of the offerings and operations of the Center – called individually the “Seed,” “Sapling,” and “Urban Reforestation” cases.

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The business cases were based on the premise that the Center will incorporate a variety of partnerships in carrying out its mission. Types of partners include:

- o **Founder** – to provide upfront funding and/or direct contributions of staff, services, products or information sources
- o **Operational Partner** – to collaborate formally with the Center for ongoing operations for outreach, education, events, program support, and/or technical staff assistance (could include members of the Founder group)
- o **Tenant** – a paying occupant of space within the Center
- o **Resource** – to provide technical assistance, information, a website link, didactic materials, displays, education, programming, and/or research and case studies to the Center

For the operational structure of the Center, the consultant identified three possible models: 1) a public development authority (PDA); 2) a new non-profit; 3) a program of an existing non-profit. Each model has benefits and drawbacks, which were discussed with the Steering Committee.

With the potential partnerships and operational structures identified, the consultant defined the three business cases, each of which could be feasibly developed depending on resources available. These cases are summarized below:

Category	“Seed” Business Case I	“Sapling” Business Case II	“Urban Reforestation” Business Case III
In-kind staff contributions from founding tenants	5 technicians	5 or more techs	10 or more techs
Center staff	Approx. 3 FTE	5-6 FTE	As appropriate, possibly 15-20 FTE
Annual Operational Budget	Approx. \$400,000	Approx. \$1,000,000	Scaled up appropriately from Case II
Lease/Own	Lease	Lease or own	Lease or own
Startup Cost	Approx. \$515,000	Approx. \$5.6 million	Over \$20 million
Tenant Space	No	Yes	Yes (extensive)

Recommendations

The business planning process revealed a strong need and demand for the Sustainable Development Center, and several options for how to realize its vision. Following is a summary of recommendations outlined in this report; they are intended to provide a framework for decision-making around the development of the Center.

1. Develop the SDC with strong partnerships, particularly at the Founder level. Cultivate relationships with contributors of financial and technical resources. Encourage strong collaboration between the City of Seattle and King County.
2. Launch the Center from an existing non-profit to accelerate the development timeline, leveraging existing infrastructure, funding relationships, momentum, and knowledge capital. If an existing non-profit cannot be identified, the secondary recommendation is to start a new non-profit.
3. Immediately hire or assign a project manager for the Center, to maintain focus and accelerate the increasingly complex coordination of planning effort, outreach, marketing, and negotiations.
4. Target Pioneer Square as the preferred neighborhood based upon:
 - Superior access to an existing multi-modal transit hub
 - Stronger existing urban character and “walkability”
 - Superior proximity to potential users of the Center
 - More favorable property valuation, in the form of lower real estate values and rents. This would maximize the capital dollars spent on the project



In the event that a suitable location is not immediately identified in Pioneer Square, South Lake Union is a strong secondary candidate and should be pursued.

5. If an existing non-profit with relationships to major donors is identified as a launching pad for the Center, pursue the “Sapling” (Business Case II). If a strong existing non-profit is not identified, pursue the “Seed” (Business Case I).
6. Identify a primary founding benefactor to provide essential seed funding and financial momentum.
7. Design and program the facility as an evolving demonstration of sustainable “best practices” in the built environment.

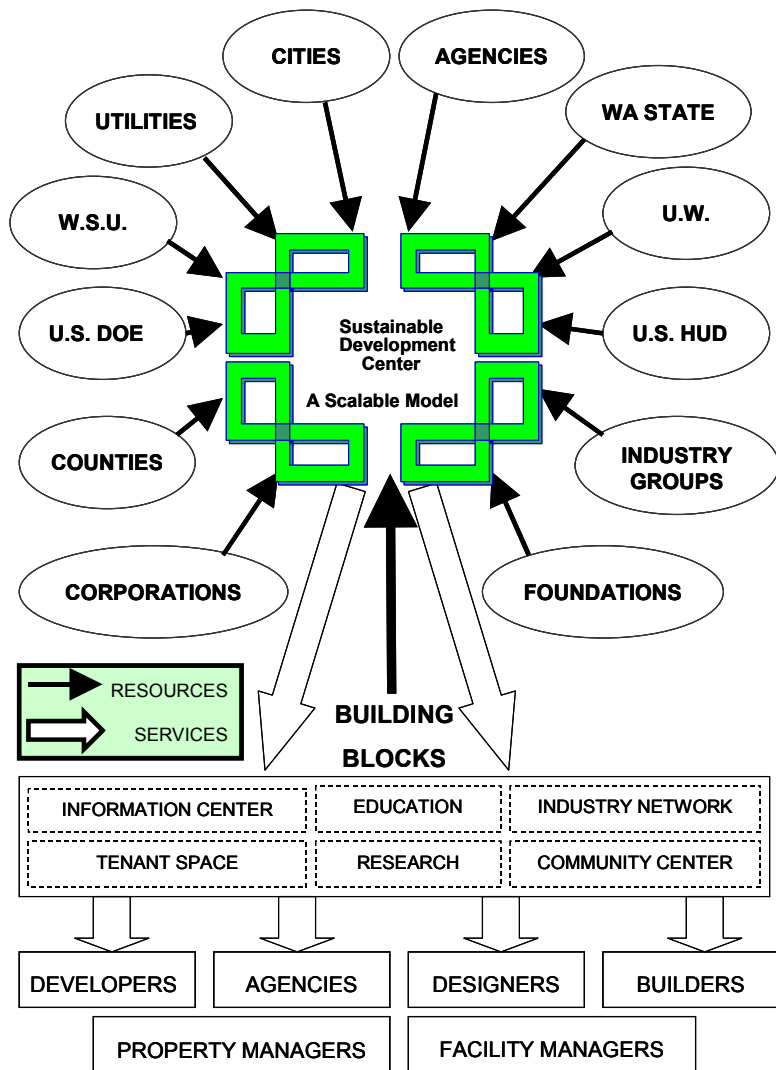
A Model of Sustainability

The work of the Center will foster accelerated market transformation towards broad adoption of sustainable materials and methods in industry. This transformation is essential for our region to achieve economic prosperity while balancing the needs of our neighborhoods and the supply of our precious natural resources.

Interactive and scalable, the facility will evolve over time, responding to new technology and the changing needs of the urban landscape. The Center will be an extremely accessible, multi-modal hub with influence over the development of entire neighborhoods throughout the Puget Sound region. It will serve as a model of sustainability through its funding, operations, and its physical attributes. The following diagram outlines how the Center will operate in collaboration with many non-profits, public entities, and businesses. It will provide the building blocks for sustainable development education, demonstration, and assistance to serve practitioners in the built environment.

In planning for the Center, this document primarily analyzes the following:

- o The market for goods and services that the Center can offer
- o Potential partnerships for the Center, to enhance the partners' and the Center's ability to serve their missions
- o Possible locations for the Center
- o The supportable business cases for the Center, including revenue models
- o Leadership and operational options for the Center
- o A process and timeline for the development of the Center



Case #2 - A “Sapling” of Transformation

